

Message Text

CONFIDENTIAL

PAGE 01 PORT A 02484 241939Z

50-73 S
ACTION SS-25

INFO OCT-01 ISO-00 /026 W
----- 028423
R 241750Z DEC 74
FM AMEMBASSY PORT AU PRINCE
TO SECSTATE WASHDC 9012

C O N F I D E N T I A L PORT AU PRINCE 2484
EXDIS
STADIS////////////////////////////////////

E.O. 11652: GDS
TAGS: EINV, EMIN, HA
SUBJECT: REYNOLDS NEGOTIATIONS

REF: (A) STATE 278488
(B) PORT AU PRINCE 2392
(C) PORT AU PRINCE 2431

1. SUMMARY: REYNOLDS' HAITIAN LAWYER GEORGES LEGER HAS JUST PROVIDED ME WITH BALANCED, DETAILED VERBAL REPORT ON THE NEGOTIATIONS, ON THE HAITIAN CLAIM FOR BACK TAXES, ON PROBLEM OF SHIP LOADINGS AND ON PROSPECTS FOR FUTURE NEGOTIATIONS. HE FOUND FAULT WITH ATTITUDES AND TACTICS OF BOTH COMPANY AND GOH DURING NEGOTIATIONS. WITH RESPECT TO BACK TAXES, HE NOTED THAT THERE WAS SOME LEGAL JUSTIFICATION FOR PART OF GOH CLAIM, BUT HE IS HOPEFUL A COMPROMISE MAY BE WORKED OUT. HE STATED THAT REYNOLDS HAD MADE THE REQUIRED DECEMBER PAYMENT (\$4.8 MILLION) BUT ADDED THAT, IN HIS VIEW, UNLESS BOTH COMPANY AND GOVABNMENT CHANGED THEIR ATTITUDES THERE IS A STRONG POSSIBILITY THAT TWO SIDES WILL NOT REACH AGREEMENT IN NEXT NEGOTIATING SESSION. END SUMMARY.

2. LEGER MADE FOLLOWING COMMENTS ON GOH ATTITUDE AND TACTICS: PALACE ATMOSPHERE WAS OPPRESSIVE; REYNOLDS TEAM WAS TREATED WITH LACK OF COURTESY (I.E., NEVER EVEN OFFERED A GLASS OF WATER); THERE WERE CONSTANT REFERENCES TO GOH SOVEREIGNTY AND LONG LECTURES BY FOURCAND; FOURCAND WAS TOUGH ON THE RECORD AND CONCILIATORY OFF RECORD; HAITIANS WERE VERY MUCH INFLUENCED BY THE JAMAICANS WHO WANTED GOH TO ESTABLISH BEST POSSIBLE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PORT A 02484 241939Z

TERMS IN PREPARATION FOR FUTURE GOJ/REYNOLDS TALKS. JAMAICANS

WERE NOT PHYSICALLY PRESENT BUT WERE ABLE TO HEAR PROCEEDINGS AND GIVE FOURCAND POINTERS. (ACCORDING TO LEGER, HAITI HAD BEEN ASSURED BY IBA COUNTRIES THAT THEY WOULD MAKE UP HAITIAN LOSSES IF REYNOLDS BROKE OFF NEGOTIATIONS AND WITHDREW FROM HAITI.) HE ADDED, HOWEVER, THAT HAITIANS WERE VERY WELL PREPARED FOR THE NEGOTIATIONS.

3. LEGER POINTED OUT THAT MUCH OF THE BLAME FOR THE ILL-FEELING DURING AND AFTER THE NEGOTIATIONS RESTS WITH COMPANY. REYNOLDS NEGOTIATORS WERE ILL-PREPARED, DID NOT HAVE PERTINENT FACTS, WERE CAUGHT OFF GUARD, WERE ILL AT EASE DURING NEGOTIATIONS, AND WERE BOTH IRRITATED AND DISCOMFITED BY FACT THAT THEY WERE OUT-MANEUVERED BY HAITIANS. AS A RESULT, THE COMPANY IS NOW LOOKING FOR A SCAPEGOAT. IN ILLUSTRATING BACKGROUND OF DISPUTE, LEGER STRESSED HIS VIEW THAT REYNOLDS PUBLIC RELATIONS IN HAITI HAVE BEEN ABOMINABLE: COMPANY HAS NEVER DONATED A PENNY TO CHARITY-- NOT EVEN TO RED CROSS-- NOR MADE ANY CONTRIBUTIONS TO GENERAL WELFARE; LOCAL AMERICAN MANAGER OF MINE (RESIDENT IN COUNTRY 14 YEARS). HAD NEVER MET FOURCAND UNTIL DIFFICULTIES ON SHIPPING ROSE IN OCTOBER; COMPANY DOES NOT ALLOW LEGER TO DRAFT LETTERS TO GOVERNMENT, PUTTING COMPANY POSITION IN MANNER MOST LIKELY TO ACHIEVE RESULTS WITH GOH, BUT INSTEAD REQUIRES HIM TO USE COMPANY-PREPARED DRAFTS WHICH GAVE IMPRESSION COMPANY IS GIVING ORDERS TO GOH. (NEVERTHELESS, LEGER ON HIS OWN AUTHORITY SOFTENED LATEST SIKOVSKY LETTER TO ELIMINATE PEREMPTORY LANGUAGE.)

4. WITH RESPECT TO ISSUE OF BACK TAXES, LEGER TOLD ME HE WILL RECOMMEND A COMPROMISE. HE NOTED THAT SITUATION WAS COMPLICATED AND THAT THERE HAD BEEN ERRORS ON BOTH SIDES. IN MAKING CLAIM GOH HAD NOT BEEN AWARE OF AND THUS HAD NOT TAKEN ACCOUNT OF SPECIAL PROVISIONS IN U.S. LAW ON WESTERN HEMISPHERE TRADING CORPORATIONS. ON THE OTHER HAND, FROM INFORMATION PROVIDED BY JAMAICANS, IT SEEMS CLEAR THAT REYNOLDS HAD INFLATED AMOUNTS PAID AS DIVIDENDS FOR TAX REBATE PURPOSES.

5. LEGER ALSO EXPLAINED THAT HAITIAN ATTITUDE ON LOADING OF BAUXITE ORE IS NOT SIMPLE HARASSMENT BUT IS BASED ON GOVERNMENT NEEDS. GOH OFFICIALS MUST BE PRESENT DURING LOADING IN ORDER TO CHECK MOISTURE CONTENT OF BAUXITE ORE. SINCE MIRAGOANE MINE IS 3 1/2 HOURS BY ROAD AND SINCE TELEPHONE COMMUNICATIONS ARE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PORT A 02484 241939Z

PRACTICALLY NONEXISTENT, LOGISTICS OF HAITIAN SITUATION REQUIRE ADVANCE NOTIFICATION. LEGER POINTED OUT THAT DURING TALKS GOH HAD GIVEN OK FOR COMPANY TO ESTABLISH A RADIO TRANSMITTER IN ORDER TO FACILITATE COMMUNICATIONS, BUT THAT HE IS STILL WAITING FOR REYNOLDS TO PROVIDE REQUIRED INFORMATION SO TRANSMITTER CAN BE ESTABLISHED.

6. LEGER EXPRESSED CONCERN THAT UNLESS BOTH COMPANY AND GOH

CHANGED TACTICS AND ATTITUDES, THE FOLLOW-UP NEGOTIATIONS IN EARLY 1975 MIGHT RESULT IN CONFRONTATION RATHER THAN AGREEMENT AND LEAD TO THE WITHDRAWAL OF REYNOLDS FROM HAITI. LEGER HAS ALREADY TOLD FOURCAND THAT FOLLOW-UP NEGOTIATIONS MUST BE HELD IN A MORE NEUTRAL AND PRACTICAL LOCATION THAN NATIONAL PALACE. BUT HE ALSO SUGGESTED TO ME THAT REYNOLDS SEND A DIFFERENT, MORE CAPABLE TEAM (HE SPECIFICALLY NOTED THAT SIKOROVSKY WAS STIFF, HAD NO SENSE OF HUMOR AND DEVELOPED NO RAPPORT WITH HAITIANS AND THAT ROBERTS WAS ONLY A MEDIOCRE NEGOTIATOR). LEGER ALSO SUGGESTED THAT REYNOLDS SHOULD APPOINT A REPLACEMENT FOR PRESENT LOCAL MANAGER, WHO DURING HIS 14 YEARS A MINE MANAGER HAS DEVELOPED NO RAPPORT WITH OR COMPREHENSION OF HAITIANS.

7. COMMENT: LEGER'S COMMENTS ON THE SITUATION ARE MOST BALANCED RECEIVED SO FAR AND I AM INCLINED TO GIVE CREDENCE TO HIS REPORT ON THE NEGOTIATIONS, TO HIS ESTIMATION OF THE VALIDITY OF THE GOH TAX CLAIM, AND TO HIS FEARS ON A POSSIBLE CONFRONTATION BETWEEN THE GOH AND COMPANY IN 1975. I SUGGEST THAT THE DEPARTMENT DISCUSS THE MATTER OF THE TAX CLAIM AND THE RADIO TRANSMITTER WITH REYNOLDS. DURING MY CONSULTATIONS IN WASHINGTON IN EALY JANUARY I WILL DISCUSS WITH THE DEPARTMENT WAYS IN WHICH WE MIGHT HELP IMPROVE ATMOSPHERE. IN MEANTIME I SUGGEST THAT I HOLD IN RESERVE THE POSSIBILITY OF EXAMINING THE VIDEO TAPE (REF A).
ISHAM

NOTE BY OC/T: EXDIS CAPTION ADDED PER S/S-O, MS. ELTZ.

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BAUXITE, AGREEMENTS, NEGOTIATIONS, TAXES, BUSINESS REPUTATION
Control Number: n/a
Copy: SINGLE
Draft Date: 24 DEC 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PORTA02484
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740374-0227
From: PORT AU PRINCE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741212/aaaaajyf.tel
Line Count: 140
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 74 STATE 278488
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 17 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 SEP 2002 by boyleja>; APPROVED <19 MAR 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REYNOLDS NEGOTIATIONS
TAGS: EINV, EMIN, HA, REYNOLDS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005